

The Treasury Note



A monthly newsletter
of municipal finance
January 1, 1999

Results of Recent Bond Sales

General Obligation Bonds

On December 9, the Treasurer sold \$600 million of General Obligation bonds (GO). Proceeds from the sale will be used for seismic improvements for public buildings, higher education facilities and K-12 education facilities. The Treasurer's office, for the first time in many years, received four bids, double the usual number on competitive GO sales. The four bidders included Bear Stearns & Co., Inc., Merrill Lynch & Co., NationsBanc Montgomery Securities and Lehman Brothers. The bonds were awarded to the lowest bidder, Bear Stearns & Co., Inc. at a true interest cost of 4.635 percent. A portion of the bonds were insured by FGIC.

California State University

On November 30, the Treasurer sold \$13.1 million of Parking System Revenue bonds for San Diego State University. The bonds were sold to finance the acquisition and construction of a multi-story parking structure at San Diego State University. The bonds were sold on a competitive basis and four bids for the bonds were received. Piper Jaffray, Inc., was awarded the bonds at a true interest cost of 4.805 percent. The bonds were insured by AMBAC.

From The Budget Front

The State Department of Finance is drafting the "final version" of the Governor's proposed 1999-2000 fiscal year budget. The new budget is due to the Legislature by January 10, 1999. An article with information on the new budget will be available in the next issue of *The Treasury Note*.

UCLA Anderson Forecast

Tom K. Lieser, Executive Director of the UCLA Anderson Forecast, announced at the December Conference that California's economy is predicted to slowdown in 1999. The predicted growth rate for the next three years (as summarized by non-farm employment gains) is 2.4% next year and 2.6% for both 2000 and 2001. The statewide unemployment rate is expected to stay close to its present level of 6% through 1999.

At the national level, the economic outlook continues to remain favorable. The average unemployment rate in 1999 is expected to be 5%, 4.8% in 2000 and 4.7% in 2001. Real gross domestic product is expected to grow 2.5% in 1999, followed by 2.8% in 2000 and 2.7% in 2001.

California's New State Treasurer

At the November 3rd election, California voters elected native Sacramentan Phil Angelides as California's 30th State Treasurer. Mr. Angelides will take office on January 4, 1999, and serve a four-year term.



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Listing of Redemptions & Defeasances

This listing reflects redemptions and defeasances officially announced as of January 1, 1999.

State Public Works Board of the State of California, High Technology Facilities Lease Revenue Bonds (The Regents of the University of California), 1987 Series A (Santa Barbara Campus Engineering Facility), Dated Date: November 1, 1987 (Full Redemption)

All bonds will be redeemed on February 1, 1999.

California Housing Finance Agency, Multifamily Rehabilitation Revenue Bonds, 1983 Issue A, Dated Date: December 1, 1983 (Partial Redemption)

\$160,000 of the bonds due August 1, 2004, will be redeemed February 1, 1999.

California Housing Finance Agency, Multi-Unit Rental Housing Revenue Bonds, 1979 Series A, Dated Date: August 1, 1979 (Partial Redemption)

All bonds due February 1, 2009 will be redeemed on February 1, 1999.

California Housing Finance Agency, Housing Revenue Bonds (Insured), 1985 Series B, Dated Date: November 15, 1985 (Partial Redemption)

\$1,765,000 of the bonds due August 1, 2015 will be redeemed on February 1, 1999.

Department of Water Resources, Central Valley Water Project Water System Revenue Bonds, Series G, Dated Date: March 1, 1990

All bonds due December 1, 1999 have been defeased and will be redeemed on June 1, 1999.

Department of Water Resources, Central Valley Water Project Water System Revenue Bonds, Series H, Dated Date: January 1, 1991

All bonds due December 1, 1999 have been defeased to maturity.

Department of Water Resources, Central Valley Water Project Water System Revenue Bonds, Series I, Dated Date: May 1, 1991

All bonds due December 1, 1999 have been defeased to maturity.

Department of Water Resources, Central Valley Water Project Water System Revenue Bonds, Series J1, Dated Date: January 1, 1992

\$3,065,000 of the bonds due December 1, 2022 have been defeased and will be redeemed on June 1, 2001.

Department of Water Resources, Central Valley Water Project Water System Revenue Bonds, Series J2, Dated Date: January 1, 1992

\$3,855,000 of the bonds due December 1, 2022 have been defeased and will be redeemed on June 1, 2001.

Department of Water Resources, Central Valley Water Project Water System Revenue Bonds, Series J3, Dated Date: January 1, 1992

\$6,515,000 of the bonds due December 1, 2022, \$3,515,000 of the bonds due December 1, 2023 and \$1,920,000 of the bonds due December 1, 2024 have been defeased and will be redeemed on June 1, 2001.

Department of Water Resources, Central Valley Water Project Water System Revenue Bonds, Series P, Dated Date: May 1, 1996

All bonds maturing on December 1, 2006-2013, 2016 and 2020 have been defeased and will be redeemed on June 1, 2006.

Department of Water Resources, Central Valley Water Project Water System Revenue Bonds, Series Q, Dated Date: November 1, 1996

All bonds maturing on December 1, 2029 have been defeased and will be redeemed on December 1, 2006.

State Public Works Board of the State of California, Energy Efficiency Revenue Bonds, Series 1991A, Dated Date: August 1, 1991

All bonds maturing on September 1, 2004-2006 have been defeased and will be redeemed on September 1, 2001.

If you have any questions regarding these redemptions or defeasances, please call the State Treasurer's office at (800) 900-3873.

Bond Sales Calendar*

The Bond Sales Calendar will be announced in January 1999.